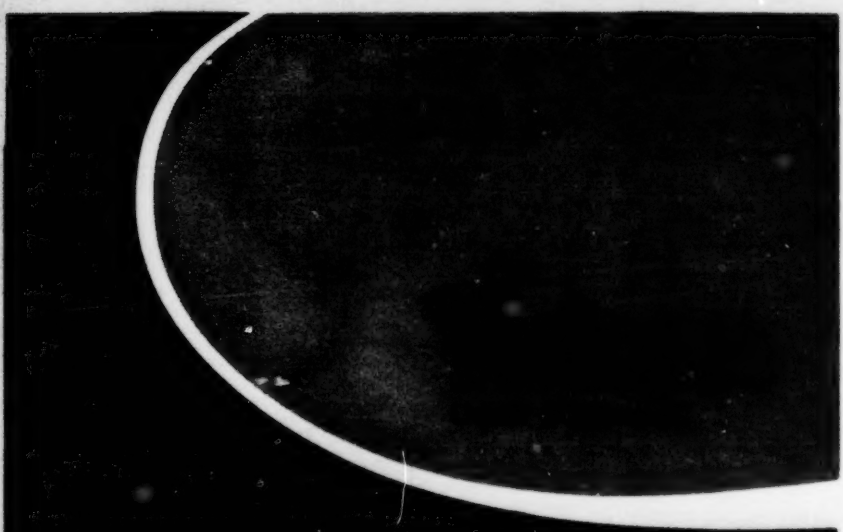


Annual Report

April 1, 1986 to March 31, 1987

88-00995/

Annual Report

April 1, 1986 to March 31, 1987

The Honourable R. Kimmerly, Member
The Executive Council
Whitehorse, Yukon

Dear Sir:

I submit herein the Tenth Annual Report of the Yukon Liquor Corporation for the year ended March 31, 1987, in accordance with the requirements of Section 13 of the Liquor Act.

The Board of Directors of the Corporation is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board has exercised this responsibility through the Audit Committee. This Committee is composed of directors, who are not employees of the Corporation, and the General Manager. The Audit Committee has also discharged its responsibilities conferred upon it by the Board of Directors and meets on a regular basis with management, the Internal Auditor and the Auditor General of Canada who have unrestricted access to the Committee.

I would respectfully request that this report be tabled at the next ensuing session of the Legislative Assembly.

Respectfully submitted,

Margaret A. Dunn
Chairperson
Board of Directors

YUKON LIQUOR CORPORATION

TENTH ANNUAL REPORT
1987

INDEX **Page**

GENERAL MANAGER'S REPORT..... 3

FINANCIAL STATEMENTS

Auditor's Report..... 7

Balance Sheet..... 8

Statement of Income..... 9

Notes to Financial Statements..... 10

GENERAL INFORMATION

Staff Complement..... 12

Liquor Licences and Permits Issued..... 13

Schedule of Spirits, Wine, and Beer - Sales by Store..... 14

Schedule of Liquor Taxes..... 15

Schedule of Gross Profit..... 16

Schedule of Operating Expenses..... 17

Margaret A. Dunn, Chairperson,
Yukon Liquor Corporation
Whitehorse, Yukon

Dear Mrs. Dunn,

I am pleased to provide you with the Tenth Annual Report of the Yukon Liquor Corporation for the year ending March 31, 1987.

SALES

Net income for the year under review amounted to $4,916,000. This represents an increase of $315,000 or 6.8% more than the net profit (before an extraordinary expense of $318,000) of $4,601,000 for 1986. Liquor taxes collected amounted to $1,754,000 during the year. Therefore, net income and liquor tax for 1987 amounted to $6,670,000 or 11.9% more than the total of $5,960,000 for 1986.

The volume of alcohol products sold during 1987 equalled 3,944,000 litres. In terms of volume, spirits sales increased by 5.2%, wine sales decreased by 2.4% and beer sales increased by 5.3% in comparison to the previous year's totals.

The sales to licensees amounted to $10,632,000 for 1987 and this represents an increase of $1,001,000 or 10.4% more than 1986. These sales account for 61.9% of our total gross sales.

GENERAL REMARKS

The Liquor Corporation continues to regulate the importing, distribution and retailing of all alcoholic beverages within the requirements of the Liquor Act and attendant regulations. The Corporation also remains responsible for issuance, cancellation, and suspension of all liquor licences, enforcement of the Act, inspections and all other matters relating to control of the sale of liquor.

The Corporation is continuing its liaison with various territorial government departments with regard to present and future needs in the realm of liquor legislation and enforcement.

Negotiations with various parts of the private sector, including breweries and freight carriers, were again resultant in solidifying the goal of achieving recognition of Yukon needs that are supplemental to those of southern jurisdictions.

Changing sales trends have resulted in the need to constantly review our product selection. A total of 203 new products were listed during the year of which 15 products were special ordered. The Liquor Corporation handled 6,966 tons of liquor during the year. Return of empty beer bottles was 94.5% and 52.4% on beer cans.

The Government of the Yukon strongly condemns the apartheid policy of the South African Government. In September, 1985, the Corporation was directed to remove all South African liquor from liquor store shelves and discontinue any future purchases. In November, 1986, the Corporation placed 294 cases of South African liquor on sale at a reduced price in conjunction with an announcement that all profit from sales would be donated to the South African Famine Relief. As of May, 1987, $15,000 was available for donation.

The Liquor Inspectors are a part of the Corporation, with inspection matters carried out by them coming under the direction of the General Manager. There were 114 licenced establishments at March 31, 1987, and 18 new licensees approved, by the Board, during the year. A close working relationship has been established with enforcement agencies whereby prompt attention is given to any problem situation observed to be developing in respect to any licensed operation. Similar programs have also been developed with fire, building and health authorities whereby joint or co-ordinated inspections have achieved quick success in rectifying unsatisfactory or hazardous conditions within licensed premises.

Proof-of-Age Identification cards issued totalled 589. Permits issued during the year by Liquor Inspectors and Store Managers at various locations in the Territory amounted to 111 Reception, 489 Special Occasion, and 0 Wine Making Permits.

A total of 346 inspections were carried out by Liquor Inspectors and 293 walk through visits were made by the R.C.M.P. Four suspensions were issued to licensees representing 6 days and three letters of warning were given to various licensees. Ongoing liaison with licensees, the R.C.M.P. and other agencies assisted in furthering control of the sale of liquor, assisting licensees where possible and decreasing the misuse of alcohol in Yukon.

MANAGEMENT RESPONSIBILITY

The management of the Corporation is responsible for all the information, including the financial statements, contained in this annual report. The financial statements were prepared in accordance with generally accepted accounting principles appropriate in the circumstances and include estimates based on management's experience and judgement. The financial statements have been approved by the Board of Directors of the Corporation.

Management maintains books and records, financial and management control and information systems and management practices in such a manner as to provide reasonable assurance that reliable and accurate financial information is produced on a timely basis, that assets are safeguarded and controlled, that transactions are in accordance with the Yukon Financial Administration Act and its regulations as well as the Liquor Act and regulations, the by-laws of the Corporation and the Liquor Tax Act. Moreover, the Corporation has complied with the Yukon Financial Administration Act and its regulations, the Yukon Liquor Act and regulations, the by-laws and the Liquor Tax Act.

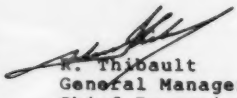
Periodically the Corporation is subject to review by the internal auditor of the Government of Yukon, who reports independently to the Government's Audit Committee and is responsible for assessing the financial and management control and information systems and management practices of the Corporation. The Auditor General of Canada conducts an independent examination of the financial statements of the Corporation in accordance with generally accepted auditing standards. He also considers whether the transactions that come to his notice in the course of his examination are in accordance with the authorities outlined above, and reports on his examination to the responsible Executive Council Member.

ACKNOWLEDGEMENTS

I would like to thank you and other Board Members for your support and assistance during the year. It has been an interesting and successful year.

I wish to acknowledge with gratitude, on behalf of the Corporation, the fine co-operation and assistance given by all departments of the Government, the Internal Auditor, the Office of the Auditor General and by the R.C.M.P. It is my desire also to report that all employees have continued to serve most loyally and effectively for which I express my sincere appreciation.

Further details of the Corporation's operations are contained in the various attachments, all of which are respectfully submitted.



R. Thibault
General Manager and
Chief Executive Officer

AUDITOR GENERAL OF CANADA VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Liquor Corporation

I have examined the balance sheet of the Yukon Liquor Corporation as at March 31, 1987 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have, in all significant respects, been in accordance with the Yukon Financial Administration Act and regulations, the Liquor Act and regulations, the by-laws of the Corporation and the Liquor Tax Act.

Raymond Dubois, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 12, 1987

YUKON LIQUOR CORPORATION

Balance Sheet
as at March 31, 1987

ASSETS

	1987	1986
	(thousands of dollars)	
Current		
Cash	$ 511	$ 1,407
Accounts receivable	60	120
Inventories	2,507	1,961
Prepaid expenses	19	14
	$ 3,097	$ 3,502

LIABILITIES

Current		
Accounts payable	$ 2,135	$ 1,779
Deferred revenue	68	65
	2,203	1,844
Accrued employee termination benefits	194	158
Government of the Yukon Working capital advance	700	1,500
	$ 3,097	$ 3,502

Approved by the Board:

Margaret A. Dunn
Chairman

Mary Dick
Member

YUKON LIQUOR CORPORATION

Statement of Income
for the year ended March 31, 1987

	1987	1986
	(thousands of dollars)	
Sales	$ 14,611	$ 13,582
Cost of goods sold	7,521	7,070
Gross profit	7,090	6,512
Expenses		
Salaries and employee benefits	1,711	1,513
Rentals, utilities and maintenance	359	360
Cartage	176	163
General and office supplies	55	41
Travel and communication	53	45
Professional services	15	14
Board honoraria and expenses	12	12
Miscellaneous	2	5
	2,383	2,153
Operating income	4,707	4,359
Other income		
Bank interest	77	119
Fees, permits and licences	63	61
Miscellaneous	69	62
	209	242
Net income for the year, before extraordinary item	4,916	4,601
Extraordinary item	-	318
Net income for the year, transferred to the Government of the Yukon	$ 4,916	$ 4,283

YUKON LIQUOR CORPORATION

Notes to Financial Statements
March 31, 1987

1. Authority and operations

The Corporation, established under the Liquor Act, is responsible for the purchase, distribution and sale of liquor within the Territory. It is also responsible for controlling the sale of liquor through licenced outlets and enforcing all matters related to the Act.

The Corporation is provided with an interest-free working capital advance by the Government of the Yukon, to which the net income for the year is transferred in accordance with the Act.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The more significant accounting policies of the Corporation are as follows:

Inventories

Inventories are valued at landed cost at Whitehorse.

Fixed assets

Fixed assets are financed by the Government of the Yukon under a capital vote within the Capital Estimates of the Government. These assets are owned by the Government of the Yukon and are recorded in the accounts at a nominal amount of $1.

Pensions

The Corporation and its employees, who are deemed to be employees of the Government of the Yukon, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

3. Fixed assets

The cost to the Government of the Yukon of fixed assets held by the Corporation at March 31 is as follows:

	1987	1986
	(thousands of dollars)	
Liquor store building, Faro	$ 866	$ 866
Store and warehouse improvements	949	255
Equipment	420	347
Furniture and office equipment	132	125
	$ 2,367	$ 1,593

During the year, fixed assets costing $776,000 (1986 - $59,000) were charged to a capital vote of the Government of the Yukon and transferred to the Corporation without charge. Fixed assets transferred back to the Government during the year totalled $2,000 (1986 - $56,000).

4. Accommodation and services provided without charge

These financial statements do not reflect the cost of accommodation and other services provided without charge by the Government of the Yukon, or the value of services provided without charge to the Government by the Corporation in its capacity as Territorial Agent in localities outside Whitehorse. The value of services provided by the Government to the Corporation is estimated at $192,000 (1986 - $181,000). The value of services provided by the Corporation to the Government is estimated at $196,000 (1986 - $162,000).

5. Collection of liquor taxes

The Corporation transferred to the Government of the Yukon liquor taxes of $1,754,000 (1986 - $1,359,000) collected during the year under the Liquor Tax Act.

6. Related party transactions

In addition to the related party transactions disclosed in Notes 3 to 5 inclusive, accounts payable at March 31, 1987 include $720,000 due to the Government of the Yukon (1986 - $351,000).

7. Lease commitments

The Corporation has commitments to December 31, 1990 for leased accommodation of $167,000 per year, subject to annual Consumer Price Index adjustments.

YUKON LIQUOR CORPORATION

TENTH ANNUAL REPORT

1987

EXECUTIVE COUNCIL MEMBER
responsible for the Corporation

Roger Kimmerly	Minister

BOARD OF DIRECTORS

Margaret Dunn	Chairperson, Whitehorse
Mary Dick	Member, Ross River
Oliver Hutton	Member, Mayo
Veronica Bob	Member, Teslin
Bruce O'Neill	Member, Haines Junction

CHIEF EXECUTIVE OFFICER

Roland Thibault	General Manager and Chief Executive Officer

BRANCH HEADS

Robert Morris	Manager, Store and Warehouse Operations
Roger Moore	Chief Liquor Inspector
Bruce Hunt	Manager, Finance and Administration

Head Office and Warehouse
9031 Quartz Road
Whitehorse, Yukon. Y1A 4P9

LIQUOR STORES

Whitehorse	Watson Lake
Dawson	Faro
Mayo	Haines Junction

LIQUOR LICENCES ISSUED

	1987	1986
Liquor Coctail Lounge	57	55
Beer Tavern	1	3
Dining Room	48	45
Restaurant Beer and Wine	40	38
Liquor Off Premises	64	65
Beer Off Premises	27	30
Club Liquor	12	15
Beer Canteen	3	3
Special Liquor	10	10
Aircraft/Ship Liquor	3	3
Room Service Liquor	17	16
Mess Liquor	3	3
Sport Stadium	1	1
Recreation Facility	2	1
TOTAL	288	288

PERMITS ISSUED

Reception Permits	111	70
Special Occasion Permits	489	497
Wine Making	0	2
TOTAL	600	569

SUMMARY OF PERMITS ISSUED DURING 1987

	RECEPTION	SPEC. OCC.	WINE MAKING
Whitehorse Office	66	307	0
Faro Store	4	43	-
Mayo Store	13	43	-
Watson Lake Store	7	45	-
Haines Junction Store	4	26	-
Dawson City Store	17	25	-
TOTAL	111	489	0

YUKON LIQUOR CORPORATION

TENTH ANNUAL REPORT

1987

SCHEDULE OF SPIRITS, WINE AND BEER
SALES BY STORE

($000'S)

	SPIRITS	WINE	BEER	1987	1986
WHITEHORSE	$2,079	$1,011	$1,199	$ 4,289	$ 4,036
DAWSON CITY	446	170	617	1,233	1,145
MAYO	218	64	255	537	543
WATSON LAKE	505	160	523	1,188	1,211
HAINES JUNCTION	166	36	241	443	435
FARO	384	53	388	855	453
LICENSED OUTLET	2,081	474	3,511	6,066	5,759
1987	$5,879	$1,998	$6,734	$14,611	
% OF SALES	40.2	13.7	46.1	100.0	
1986	$5,493	$1,917	$6,172		$13,582
% OF SALES	40.4	14.1	45.5		100.0

YUKON LIQUOR CORPORATION

TENTH ANNUAL REPORT

1987

SCHEDULE OF LIQUOR TAXES
($000'S)

	SPIRITS	WINE	BEER	1987	1986
WHITEHORSE	$ 249	$ 121	$ 145	$ 515	$ 404
DAWSON CITY	54	20	74	148	115
MAYO	26	8	30	64	55
WATSON LAKE	61	19	63	143	121
HAINES JUNCTION	20	4	29	53	43
FARO	46	10	47	103	45
LICENSED OUTLET	250	57	421	728	576
1987 TOTAL	$ 706	$ 239	$ 809	$ 1,754	
1986 TOTAL	$ 550	$ 192	$ 617		$ 1,359

YUKON LIQUOR CORPORATION

TENTH ANNUAL REPORT

1987

SCHEDULE OF GROSS PROFIT
($000'S)

	SPIRITS	WINE	BEER	1987	1986
NET SALES	$5,879	$1,998	$6,734	$14,611	$13,582
COST OF GOODS SOLD	2,559	899	4,063	7,521	7,070
GROSS PROFIT 1987	$3,320	$1,099	$2,671	$ 7,090	
% OF TOTAL	46.8	15.5	37.7	100.0	
GROSS PROFIT 1986	$3,078	$1,016	$2,418		$ 6,512
% OF TOTAL	47.3	15.6	37.1		100.0

YUKON LIQUOR CORPORATION

TENTH ANNUAL REPORT

1987

SCHEDULE OF OPERATING EXPENSES
($000'S)

	Whse.	Dawson	Mayo	Watson Lake	Haines Jctn.	Faro	Central Warehouse Licensed Outlet	Admin. Inspection Board and Alcohol Program	1987	1986
Salaries & Employee Benefits	$277	$ 97	$ 95	$118	$59	$ 79	$431	$555	$1,711	$1,513
Rentals, Utilities & Maintenance	166	20	13	15	16	12	62	35	359	360
Cartage	15	28	12	27	10	22	61	1	176	161
Travel & Communication	0	1	4	2	2	7	0	35	53	45
General & Office Supplies	9	3	2	2	1	3	14	21	55	41
Professional Services	1	0	0	1	0	0	0	13	15	14
Board Honoraria & Expenses	0	0	0	0	0	0	0	12	12	12
Miscellaneous	2	0	0	0	0	0	0	0	2	5
1987	$470	$151	$146	$165	$88	$123	$568	$672	$2,383	
1986	$436	$147	$137	$155	$79	$ 80	$517	$602		$2,153

YUKON LIQUOR CORPORATION

SCHEDULE OF GALLONS OF LIQUOR SOLD

1986 - 1987

	SPIRITS	WINE	BEER	1987	1986
WHITEHORSE	21,980	33,918	124,995	180,893	176,152
DAWSON CITY	4,629	5,828	68,591	79,048	72,347
MAYO	2,366	2,302	27,221	31,889	32,636
WATSON LAKE	5,342	5,176	57,207	67,725	72,459
HAINES JUNCTION	1,802	1,228	26,148	29,178	29,404
FARO	4,137	2,985	41,686	48,808	25,649
LICENSED OUTLET	22,143	14,947	393,012	430,102	420,508
1987	62,399	66,384	738,860	867,643	
TOTAL					
1986	59,302	67,987	701,866		829,155
% Increase	5.2%	-	5.3%		
% Decrease	-	2.4%			

YUKON LIQUOR CORPORATION

SCHEDULE OF TONS OF LIQUOR SOLD

1986 - 1987

	1987	1986
Whitehorse	1,440	1,462
Dawson City	661	620
Mayo	274	282
Watson Lake	536	625
Haines Junction	251	250
Faro	422	225
Licensed Outlet	3,382	3,342
	6,966	6,806